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GOVERNMENT DOCUMENTS

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Department of the Treasury
Internal Revenue Service

Instructions for Form 3903

Moving Expenses

Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	1 hr., 5 min.
Learning about the law or the form	7 min.
Preparing the form	37 min.
Copying, assembling, and sending the form to IRS	20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms more simple, we would be happy to hear from you. You can write to either IRS or the Office of Management and Budget at the addresses listed in the instructions for Form 1040.

Change You Should Note

Recent law changes put a new limitation on the amount of reimbursed meal expenses that are deductible as moving expenses. Now only 80% of reimbursed meal expenses are deductible. This is true even if your employer did not withhold tax on the amounts. Previously, only unreimbursed meals were subject to this limitation. See **Meal Expenses** on page 2.

Purpose of Form

Use Form 3903 if you moved to a new principal workplace within the United States or its possessions and you qualify to deduct your moving expenses.

Note: *Use **Form 3903F,** Foreign Moving Expenses, instead of this form if you are a U.S. citizen or resident alien who moved to a new principal workplace outside the United States or its possessions.*

Additional Information

For more information about moving expenses, please get **Pub. 521,** Moving Expenses.

Who May Deduct

If you moved to a different home because of a change in the location of your job, you may be able to deduct your moving expenses. You may qualify for a deduction whether you are self-employed or an employee. However, you must meet certain tests explained below.

Distance Test.—Your new workplace must be at least 35 miles farther from your old home than your old workplace was. For example, if your old workplace was 3 miles from your old home, your new workplace must be at least 38 miles from that home. If you did not have an old workplace, your new workplace must be at least 35 miles from your old home. (The distance between two points is the shortest of the more commonly traveled routes between the points.)

Time Test.—If you are an employee, you must work full time for at least 39 weeks during the 12 months right after you move. If you are self-employed, you must work full time for at least 39 weeks during the first 12 months and a total of at least 78 weeks during the 24 months right after you move.

You may deduct your moving expenses for 1988 even if you have not met the time test before your 1988 return is due. You may do this if you expect to meet the 39-week test by the end of 1989 or the 78-week test by the end of 1990. If you have not met the test by then, you will have to do one of the following:

- Amend your 1988 tax return on which you deducted moving expenses. To do this, use **Form 1040X,** Amended U.S. Individual Income Tax Return; or
- In the year you cannot meet the test, report as income on your tax return the amount of your 1988 moving expense deduction that reduced your 1988 income tax. For more information, see **Time Test** in Pub. 521.

If you do not deduct your moving expenses on your 1988 return and you later meet the time test, you may take the deduction by filing an amended return for 1988. To do this, use Form 1040X.

Exceptions to the Distance and Time Tests.—You do not have to meet the time test in case of death, if your job ends because of disability, if you are transferred for your employer's benefit, or if you are laid off or discharged for a reason other than willful misconduct.

You do not have to meet the time test if you meet the requirements for retirees or survivors living outside the United States, as explained below.

If you are in the armed forces, you do not have to meet the distance and time tests if the move is due to a permanent change of station. A permanent change of station includes a move in connection with and within 1 year of retirement or other termination of active duty. In figuring your moving expenses, do not deduct any moving expenses for moving services that were provided by the military or that were reimbursed to you and that you did not include in income. However, you may deduct your unreimbursed moving expenses, subject to the dollar limits. If you and your spouse and dependents are moved to or from different locations, treat the moves as a single move.

Qualified Retirees or Survivors Living Outside the United States

If you are a retiree or survivor who moved to a U.S. home and you meet the requirements below, you are treated as if you moved to a new workplace located in the United States. You are subject to the distance test and other limitations explained on this form. Use this form instead of Form 3903F to claim your moving expenses.

Retirees.—You may deduct moving expenses for a move to a new home in the United States when you actually retire if both your old principal workplace and your old home were outside the United States.

Survivors.—You may deduct moving expenses for a move to a home in the United States if you are the spouse or dependent of a person whose principal workplace at the time of death was

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outside the United States. In addition, the expenses must be: (1) for a move that begins within 6 months after the decedent's death; and (2) must be from a former home outside the United States that you lived in with the decedent at the time of death.

Moving Expenses in General

You may deduct most of the reasonable expenses you incur in moving your family and dependent household members. These include your costs to move to the new location (Part I, Sections A and B), pre-move househunting expenses (Section C), expenses of temporary quarters once you arrive in the new location (Section D), and certain qualified real estate expenses (Section E).

You MAY NOT deduct expenses of a loss on the sale of your home, mortgage penalties, refitting draperies and carpets, or quitting club memberships. Neither can you deduct expenses for employees such as a servant, governess, or nurse.

Reimbursements

You must include any reimbursement of, or payment for, moving expenses in gross income as compensation for services. If your employer paid for any part of your move, you must report that amount as income on **Form 1040, line 7.** Your employer should include the amount paid in your total income on Form W-2. However, if you are not sure that the reimbursements have been included in your Form W-2, check with your employer. Your employer must give you a statement showing a detailed breakdown of reimbursements or payments for moving expenses. Your employer may use **Form 4782,** Employee Moving Expense Information, to give you the required breakdown of reimbursements, or your employer may use his or her own form.

You may choose to deduct moving expenses in the year you are reimbursed by your employer, even though you paid for the moving expenses in a different year. However, special rules apply. See **How to Report** in Pub. 521.

Meal Expenses

Only 80% of your meal expenses are deductible. These limitations are figured on lines 7, 11, and 15 in Sections B, C, and D, respectively.

For more information, see Pub. 521.

No Double Benefit

You may not take double benefits. For example, you may not use the moving expenses on line 17 that are part of your moving expense deduction to lower the amount of gain on the sale of your old home. In addition, you may not use the moving expenses on line 18 that are part of your moving expense deduction to add to the cost of your new home. (Use **Form 2119**, Sale of Your Home, to figure the gain, if any, you must report on the sale of your old home and the adjusted cost of the new one.)

Part I Instructions

We have provided specific instructions for most of the form. Those lines that do not appear in these instructions are self-explanatory.

Caution: *If you are claiming meal expenses in Section B, C, or D, you must state meal expenses separately in each section. This is necessary because all meals are subject to the 80% limitation.*

Section A.—Enter on line 4 the actual cost to pack, crate, move, store in transit, and insure your household goods and personal effects.

Section B.—Enter the costs of travel from your old to your new home. These include transportation, meals, and lodging on the way. Include costs for the day you arrive. *Show your meal expenses separately on line 6.* You may only include expenses for one trip. However, not all the members of your household have to travel together or at the same time.

If you use your own car, you may figure the expenses in either of the following two ways:

- Actual out-of-pocket expenses for gas and oil (keep records to verify the amounts); or
- At the rate of 9 cents a mile (keep records to verify your mileage).

You may add parking fees and tolls to the amount claimed under either method.

Section C.—Include the costs of travel before you move in order to look for a new home. *Show your meal expenses separately on line 10.* You may deduct the costs only if:

- You took the trip after you got the job; **and**
- You returned to your old home after looking for a new one; **and**
- You traveled to the new work area primarily to look for a new home.

There is no limit on the number of househunting trips taken, and you do not have to be successful to qualify for this deduction. If you used your own car, figure transportation costs the same way as you did in Section B. If you are self-employed, you may deduct househunting costs only if you had already made substantial arrangements to begin work in the new location.

Section D.—Include the cost of meals and lodging while occupying temporary quarters in the area of your new workplace. *Show your meal expenses separately on line 14.* You may include the costs for any period of 30 days in a row after you get the job, but before you move into permanent quarters. If you are self-employed, you may count these expenses only if you had already made substantial arrangements to begin work in the new location.

Section E.—You may include most of the costs to sell or buy a home or to settle or get a lease. Examples of qualified real estate expenses you MAY include are :

- Sales commissions;
- Advertising costs;
- Attorney's fees;
- Title and escrow fees;
- State transfer taxes; and
- Costs to settle an unexpired lease or to get a new lease.

Examples of expenses you MAY NOT include are:

- Costs to improve your home to help it sell;
- Charges for payment or prepayment of interest; and
- Payments or prepayments of rent.

Check the appropriate box, **a** or **b,** for lines 17 and 18 when you enter the amounts for these two lines.

Part II Instructions

The following dollar limitations apply to the expenses shown in Part I.

Line 19.—Enter your combined house-hunting and temporary living expenses (lines 12 and 16). These expenses are limited to $1,500 (on line 20).

Line 21.—Enter here the amount from line 20 combined with real estate expenses (lines 17 and 18). These are overall per-move limits that may not be more than $3,000 (on line 22).

There are some special situations:

- If both you and your spouse began work at new workplaces and shared the same new home at the end of the tax year, you must treat this as one move rather than two. If you file separate returns, each of you is limited to a total of $750 on line 20, and to a total of $1,500 on line 22.
- If both you and your spouse began work at new workplaces but each of you moved to separate new homes, this is treated as two separate moves. If you file a joint return, line 20 is limited to a total of $3,000; and line 22 is limited to a total of $6,000. If you file separate returns, each of you is limited to a total of $1,500 on line 20; and a total of $3,000 on line 22.

Note: *Use any amount on* ***line 17a*** *not deducted because of dollar limitations to decrease the gain on the sale of your home. Use any amount on* ***line 18a*** *not deducted because of the limit to increase the basis of your new home.*

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